

Message Text

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ORIGIN XMB-04

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R 291947Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY SAN JOSE

UNCLAS STATE 178347

E.O. 11652: N/A

TAGS:EFIN, CS

SUBJECT:LATIN AMERICAN BANK

1. THE FOLLOWING IS A COPY OF A TELEX EXIMBANK SENT
7/25/77 TO EXECUTIVE PRESIDENT, DR. BERNAL JIMENEZ OF
BANCO CENTRAL DE COSTA RICA.

2. "WE REFER TO THE MATTER OF THE LATIN AMERICAN BANK
(LAB) AND PARTICULARLY TO THE SCHEME OF ARRANGEMENT OF
10/20/75 WHICH LED TO THE ESTABLISHMENT OF THE COMMITTEE
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OF INTERVENORS.

3. WE HAVE FOLLOWED WITH INTEREST THE WORK OF THIS COM-
MITTEE AND THE PROGRESS THEY HAVE MADE IN RATIONALIZING
THE ASSETS OF LAB AND IN ARRANGING PAYMENTS FOR DEPOSITORS
OF THE BANK RESIDENT IN COSTA RICA AND OTHER COUNTRIES.
WE LOOK FORWARD TO THE TIME WHEN SOME PAYMENTS WILL BE
MADE TO UNSECURED CREDITORS INCLUDING OURSELVES. YOU
WILL RECALL THAT UNSECURED CREDITORS SUCH AS OURSELVES

AGREED TO RECEIVE PROMISSORY NOTES FROM BANCO CREDITO AGRICOLA DE CARTAGO, BANCO NACIONAL DE COSTA RICA, BANCO DE COSTA RICA (THE THREE COSTA RICAN NATIONAL BANKS) AND AUTO TECHNICA, S.A. FOR APPROXIMATELY 62 PERCENT

OF THE PRINCIPAL AMOUNT OF OUR LOANS TO LAB. WE ACCEPTED THIS RATHER LOW PERCENTAGE FOR TWO REASONS: (1) IN ORDER THAT THOSE FOREIGN CREDITOR BANKS WHICH HELD AS COLLATERAL FOR THEIR LOANS TO LAB, PROMISSORY NOTES SIGNED BY COSTA RICAN COMPANIES MIGHT BE SATISFIED AND AGREE PROMPTLY TO THE TERMS OF THE ARRANGEMENTS AND (2) ON THE UNDERSTANDING THAT THE COMMITTEE OF INTERVENORS WOULD WORK DILIGENTLY TO LIQUIDATE THOSE ASSETS OF LAB NOT ASSUMED BY THE THREE COSTA RICAN GOVERNMENT BANKS, IN ORDER THAT DEPOSITORS IN COSTA RICA AND ELSEWHERE MIGHT BE PAID IN FULL AND SOME FURTHER SETTLEMENT MADE TO THE UNSECURED FOREIGN CREDITORS. REPRESENTATIVES OF EXIMBANK INCLUDING DIRECTOR MARGARET W. KAHLIFF, PETER GOSNELL AND A U.S. EMBASSY REPRESENTATIVE AND I WERE PLEASED TO HAVE HAD THE OPPORTUNITY TO DISCUSS THE LAB MATTER AND OTHER MATTERS WITH YOU AND MESSRS. JOSE QUIROS AND RODRIGO CAAMANO IN YOUR OFFICES ON 4/19/77.

4. RECENTLY, WE WERE SURPRISED TO HEAR REPORTS OF THE UNCLASSIFIED

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FILING OF CRIMINAL CHARGES AGAINST THREE MEMBERS OF THE COMMITTEE OF INTERVENORS AND ONE OFFICIAL OF LAB WHOSE DUTIES INCLUDED IMPLEMENTING INSTRUCTIONS ISSUED BY THE COMMITTEE OF INTERVENORS. THIS IS A MATTER OF GREAT CONCERN TO US. WE WOULD VERY MUCH WELCOME YOUR EXPLANATION AS TO THE FACTS BEHIND THESE RUMORS. FURTHERMORE, WE CONSIDER IT IMPORTANT THAT PROMPT ACTION CAN BE TAKEN TO INSURE THAT THE COMMITTEE OF INTERVENORS WILL BE ABLE TO CONTINUE TO PERFORM ITS IMPORTANT WORK. IF YOU BELIEVE THAT WE CAN BE OF ASSISTANCE IN THIS MATTER, PLEASE ADVISE. WE LOOK FORWARD TO YOUR REPLY." VANCE

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